



Department of Justice

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DEPARTMENT OF JUSTICE CAUSES BELLSOUTH AND PRIME CABLE TO RESTRUCTURE PARTNERSHIP

WASHINGTON, D.C. -- BellSouth, the country's largest regional Bell operating company, restructured a deal with Prime Cable to prohibit BellSouth from acquiring cable television interests where it also provides telephone service after the Department of Justice raised concerns that the partnership could lessen competition.

The Department's Antitrust Division said the partnership as originally proposed could have inhibited the development of competition between the two companies.

"By keeping the ownership of the two wires separate, consumers will benefit from innovation and lower prices," said Anne K. Bingaman Assistant Attorney General in charge of the Antitrust Division.

The partnership will enable BellSouth to own and operate cable television systems in Las Vegas, Chicago and several areas in Texas and Alaska.

Under the restructuring, Prime Cable dropped systems in Atlanta, Georgia, and Hickory, North Carolina, from the

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transaction. Non-rural cable systems in BellSouth's telephone service region that Prime Cable might acquire in the future also were excluded.

BellSouth, a company with 1993 revenues of \$15.8 billion, provides local telephone service in the Southeast, including Georgia and North Carolina. Prime Cable, based in Austin, Texas, provides cable television to more than 500,000 subscribers in Illinois, Nevada, Texas, Alaska, Georgia and North Carolina.

Bingaman said, "This restructuring will help ensure that consumers have a choice of two wires to the home that compete in providing telephone, cable and other services."

The Department, in a letter to BellSouth, informed the company that with this restructuring it will not oppose a waiver of the 1982 AT&T decree. BellSouth would need a waiver of the decree because the cable systems have facilities used for long distance telecommunications.

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